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C O N F I D E N T I A L SECTION 01 OF 03 TAIPEI 001562

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SUBJECT: KMT VICE CHAIRMAN JOHN KUAN ON MA CAMPAIGN, UN

REFERENDUM, AND PAN-BLUE COOPERATION,

Classified By: AIT Deputy Director Robert S. Wang,
Reason(s): 1.4 (B/D).

11. (C) Summary: KMT Vice Chairman John Kuan told the Deputy Director on June 29 that ethnic Taiwanese vice presidential candidate Vincent Siew brings economic expertise and broad personal popularity to Ma Ying-jeou's ticket. KMT Legislative Yuan (LY) Speaker Wang Jin-pyng will help Ma's campaign in exchange for the top spot on the KMT ballot for at-large LY seats, Kuan predicted. The PFP, which did better than it expected in securing nominations for its legislative candidates, is cooperating with the KMT, and the two parties could unify before the LY elections next January, Kuan suggested. According to Kuan, the KMT has launched its own referendum on joining the UN simply to counter the effects of the DPP referendum on the issue. Kuan informed DDIR that Ma hopes to visit the U.S. in September. End Summary.

VP Candidate Vincent Siew

12. (C) KMT Vice Chairman John Kuan told DDIR on June 29 that he believes KMT presidential candidate Ma Ying-jeou has made a wise choice in selecting Vincent Siew (Hsiao Wan-chang) as his running mate, noting that Siew always came out first in the internal polls the party used to guide its vice presidential candidate search. Former Premier Siew, who is given much credit for Taiwan's economic success, has no political enemies and enjoys favorable popularity ratings throughout Taiwan, even the Deep Green south, Kuan explained. An ethnic Taiwanese born in Chiayi County, Siew will especially help Ma attract "native" Taiwanese votes, he suggested. (Note: In a separate conversation, People First Party (PFP) legislator Daniel Hwang (Yih-jiao) predicted that Siew, who has worked with Taiwan's business leaders for four decades, will also help Ma raise funds for the campaign. End Note.)

Wang to Retain Position as LY Speaker

13. (C) Kuan said that Legislative Yuan (LY) Speaker Wang Jin-pyng has been quieter, now that he is no longer a potential vice presidential candidate. When he is asked, Wang will offer genuine support to Ma's presidential

campaign, Kuan predicted. In exchange for his support, Wang will retain his top spot on the KMT's list of at-large LY candidates, thus assuring that he will hold on to his powerful position as speaker in the next LY that will take office in February. No one in the KMT will oppose this arrangement, Kuan added, because they know it is best for party unity and stability. According to Kuan, relations between Ma, Wang, and Honorary KMT Chairman Lien Chan are good. The KMT is "more cohesive and unified" than most party members had expected it to be at this stage of the campaign.

Beating the Ethnicity Card

14. (C) The two main issues during the presidential campaign will be ethnic identity and corruption, Kuan suggested. As it has in the past, the DPP will try to stigmatize the KMT as an "alien regime" led by "mainlanders," including Ma Ying-jeou himself. If Ma is to win, Kuan continued, he must convince voters that he and the KMT are "connected to Taiwan." This is the point of Ma's "long stay" program, where, over the next four months, the KMT candidate will live in each of Taiwan's counties for 3 weeks. As the election nears, Ma will spend most of his time in the south, where KMT support is weakest. This strategy may not gain Ma many votes from staunch DPP supporters, Kuan conceded, but it might reduce the loss of swing votes to Ma's DPP opponent, Frank Hsieh.

Optimistic about Ma Trial Outcome

15. (C) Kuan suggested Ma might escape conviction in his ongoing trial for alleged misuse of his special Taipei

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mayoral account because "Taiwan's current political atmosphere" favors Ma. Without elaborating, Kuan stated that the High Court recently issued several decisions which will help President Chen defend himself against charges of corruption once he leaves office. Since the courts have given some space to President Chen, they must also give leeway to Ma in order to show the public that they remain politically impartial.

Counter-Referendum on UN

16. (C) Kuan said that the DPP referendum on joining the UN under the name "Taiwan" would work against the KMT in two ways. First, no one can oppose the referendum for fear of being accused of "not loving Taiwan." Second, if the DPP referendum is included on the presidential ballot, it almost certainly will increase Green voter turnout. In response to the DPP referendum, the KMT decided to offer its own version of a UN referendum in order to mobilize its own voters and to deflect accusations that the party does not love Taiwan. The KMT version proposes applying to the UN and other international organizations using whatever name might increase Taiwan's chances of being accepted, including but not limited to "Taiwan." Kuan argued that the KMT referendum, unlike the DPP version, will serve U.S. interests because it decouples Taiwan's international participation from the sensitive "name change" issue. (Note: In a separate conversation, KMT legislator Su Chi argued to AIT that the party had no choice but to endorse some kind of referendum to expand Taiwan's membership in international organizations because it was vulnerable to DPP attack after years of having done nothing to regain a place for Taiwan in the UN. End Note.)

Pan-Blue Unity

17. (C) Cooperation between the KMT and its putative pan-Blue ally the People First Party (PFP) "couldn't be better," Kuan

told the DDIR. The KMT has agreed to name eight PFP legislators as district candidates in the upcoming LY election, and may agree to two or three additional at-large candidates. The PFP "did better than expected," Kuan continued, and therefore "is not making any noise." Although there is no formal written agreement, Kuan added, there is a tacit understanding that all of the PFP LY candidates will be running under the KMT banner. The KMT would like the two parties to unite before the election, and this might happen, Kuan suggested. (Note: In a separate conversation, PFP legislator and Taichung County candidate Daniel Hwang (Yih-jiao) confirmed that all of the PFP candidates understand that KMT financial and organizational support will be conditioned on their running as KMT candidates. Hwang added that PFP Chairman James Soong might be willing to consolidate the two parties before the election, but did not elaborate on what Soong might demand in return. End Note.)

Cross-Strait Relations Under a Ma Administration

18. (C) DDIR asked Kuan how Ma expects to reduce cross-Strait tension if he is elected president. Because the KMT does not promote independence, it will not antagonize China, Kuan responded. In return for rejecting independence, the KMT will ask China to demonstrate goodwill by removing missiles currently aimed at Taiwan. Kuan added that an unnamed high-level PRC contact had advised him personally that missile removal was "negotiable," as long as the KMT accepted the "1992 Consensus" on one China.

Ma Hopes to Visit U.S. in September

19. (C) Kuan told DDIR that Ma would like to visit the United States, most probably in September, after Congress returns from its summer recess. Such a trip would be very important for Ma, Kuan stressed. DDIR responded that the U.S. would welcome a visit by Ma.

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